

1 JUN 1974

MEMORANDUM FOR: Deputy Director for Intelligence
Deputy Director for Management and Services
Deputy Director for Operations
Deputy Director for Science and Technology
General Counsel
Legislative Counsel
Inspector General
Deputy to the DCI for the Intelligence Community
Deputy to the DCI for National Intelligence Officers
Comptroller

SUBJECT: Issuance of the Annual Report Call for FY 1974

1. Attached is the Annual Report Call for FY 1974. It has been cast in much the same mold as last year's in order to provide continuity and to avoid the disruption of substantial change. Nevertheless, it has been simplified somewhat by dropping the requirements to rate performance according to a letter scale and to associate resources with objectives. The former proved to be not meaningful, the latter is now to be handled through resource packages.
2. Last year's Annual Report Call initiated the current evaluation process. The Annual Report is intended to be the culmination of a process which is ongoing throughout the year. It should provide an objective evaluation of the Agency's performance for the report year. In order to do so it must be results oriented and must include the bad with the good. Accordingly, unit submissions--which are their annual reports--must be on the same basis.
3. This year's Call also was developed with the intention of reducing the volume of paper. By tailoring your submissions to the specific requests for information in the Call, I believe you can reduce their volume substantially. In many cases last year the submissions were voluminous because they contained extraneous information.

4. Any questions about the Call should be addressed to the Office of the Comptroller.

/s/ W. E. Colby

W. E. Colby
Director

Attachment: as stated

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ANNUAL REPORT CALL FOR FY 1974

INTRODUCTION

1. The Annual Report is one of the foundation stones of the Agency's management system. The core of the Annual Report is a factual post-audit of performance with respect to agreed objectives at Component, Directorate and Agency levels. This post-audit requires managerial involvement; performance review and evaluation is not something to be delegated, in its entirety at least, to staff elements--the ultimate responsibility is the manager's. The annual evaluation process is not intended and does not purport to identify or pinpoint short-term successes, failures, problems and obstacles; these are properly the concern of the ongoing managerial process. Annual evaluation should provide a broader perspective --a synoptic view--and should identify and reveal major emphases and trends, major strengths and fundamental weaknesses and, possibly, needed changes in direction.

2. The Annual Report Call for FY 1974 is intended to serve four separate, but related, purposes:

- a. to provide data for preparation of the Agency's Annual Report;
- b. to provide a major input for the Agency's overall performance-evaluation system;
- c. to provide a major input for the Directorates' annual performance-evaluation processes; and
- d. to provide a procedure for year-end review by Components of their accomplishments and shortfalls.

3. Review of last year's submissions to the Annual Report revealed certain faults in the process.

- a. Specifications for the submissions were not always clear. This resulted in lack of uniformity; a tendency towards narrative about activities, rather than about specific results, accomplishments, and problems; and, in a number of cases, unnecessary volume and detail.

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- b. The volume and the amount of detail were often excessive, yet did not provide the necessary information.
- c. Formulation of objectives was frequently inadequate; many statements were too general and lacked any basis for measuring performance.
- d. Offices with numerous detailed objectives often failed to categorize or otherwise relate them.
- e. In a number of cases evaluations tended to be perfunctory and not objective critiques.
- f. The letter-grade evaluations proved to be essentially meaningless.
- g. There was an almost complete failure (a few notable exceptions) to discuss inter-Office, inter-Directorate or inter-Agency coordination, joint effort, and the like.
- h. Directorate reports failed to respond adequately to the requirement to describe measures taken to meet DCI and Management Committee instructions to develop and improve Directorate-level performance review and evaluation systems.

SPECIFICATIONS FOR SUBMISSIONS

- 4. The basic format for the Annual Report remains the same as it was last year. The requirement for letter grading of Components by Deputy Directors has been dropped. The requirement to associate resources with objectives also has been dropped; the new resource package system (see the Program Call) makes it unnecessary.
 - a. Format: Annual Reports should be prepared by Components and Directorates in accordance with the outlines in Tabs A and B, respectively.
 - b. Length: Components should strive to limit themselves to 10 to 15 single-spaced, standard-sized, pages.
 - c. Content: Accomplishments and problems with respect to objectives (Sections B and C of Component reports and Section B of Directorate reports) should be described specifically and factually. Focus should be on results and not the activities leading to those results. Component objectives should be grouped to the

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extent that it is logical and practical to do so. A reader not associated with the Component should be able to recognize highlights, major emphases and trends, gain a clear idea of specific accomplishments of the Component, and form a judgment as to its level of performance.

d. Authentication: Each Component Chief should read and authenticate his Component's report. Deputy Directors (and/or their Associates) are urged personally to review Component reports with Component chiefs.

e. Schedule: Component reports are to be submitted to the Office of the Comptroller by 1 August 1974. Directorate reports are to be submitted to the Office of the Comptroller by 1 September 1974. Three copies of each should be submitted.

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Tab A

COMPONENT ANNUAL REPORTS, FY 1974

SECTION A. GENERAL

1. This section of the Component Annual Report is to provide an introduction to and a context for the discussion of accomplishments and problems with respect to specific objectives in Section B. This introduction should include discussion of the external operating situation or environment of the Components to the extent that it helped or hindered. Specific events or developments which occurred during the reporting period and which affected the general accomplishment of the Component's objectives should be identified.

2. This section also may include an overview of the operating and management strategies used by the Component in pursuance of its mission. It may be necessary, for example, for a Component to explain its general approach to its missions and objectives in order to make discussion of specific objectives meaningful.

3. The section also may be used to identify and discuss such internal factors as a reorganization or realignment within the Directorate which substantially affected the reporting Component.

4. Changes in objectives--for example, issuance of a new objective halfway through the operating year--should be identified and discussed.

SECTION B. PERFORMANCE AGAINST FY 1974 OBJECTIVES

5. This section should successively discuss each objective of the Component, describing actual results achieved with respect to each. Results--accomplishments and problems--should be identified and described specifically, substantively, and factually.

6. Particularly significant products should be summarized, referenced, or submitted as attachments to the Component Annual Report.

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7. Where a relationship exists, each Component objective should be identified as responsive to appropriate DCI or Deputy Director objectives, or to KIQs.
8. For each objective the Component should evaluate its results and state to what degree it is satisfied or dissatisfied with its accomplishments.
9. Statistical and/or quantitative displays should be used, if appropriate and useful, but not at the expense of or in lieu of explanatory narrative.

SECTION C. OTHER FY 1974 ACTIVITIES

10. This section should be used to identify and describe significant activities conducted within or by the Component which are not subsumed under one of the listed DCI, DD or Component objectives. For example, a Component may have one or several major activities which are routine in nature and constitute infrastructure for the visible outputs of the Component, but are not easily identifiable with any single output.

SECTION D. RECOMMENDATIONS

11. In this section the Component should make any recommendations which are a reasonable outgrowth of its self-evaluation. The Component may wish to recommend modification or deletion of certain objectives or the addition of new objectives. It may wish to propose new ideas for equipment, new or different training or personnel requirements, and the like. The common thread for such discussions, recommendations and analyses should be the problems encountered and experiences gained in attempting to meet the Component's specified objectives.

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DIRECTORATE ANNUAL REPORTS, FY 1974

SECTION A. DIRECTORATE LONG-RANGE GOALS AND STRATEGIES

1. This section should be a statement and discussion of the overall, long-range, operating and management goals of the Directorate. It should provide the perspective for discussion of specific DCI and Deputy Director objectives.

SECTION B. PERFORMANCE AGAINST FY 1974 OBJECTIVES

2. DCI and Deputy Director objectives should be listed and a factual status report provided on each. The Directorate need not be constrained by a specific format as prescribed for the Component Annual Report. For an objective which has been delegated to one and only one action Component, the Directorate Report may refer to the Annual Report of that Component and include only those additional or modifying comments the Deputy Director wishes to make. For objectives delegated to more than one Component, a synthesis or overview of total progress should be made, with appropriate references to Component Annual Reports. In this latter case, particular focus should be placed on how well the efforts of the Components were integrated, how well they cooperated, and the mutual support provided.

SECTION C. EVALUATION OF COMPONENT PERFORMANCE

3. The Deputy Director should review each Component individually and prepare a narrative appraisal of its performance against each of its objectives and of its overall performance. At a minimum, performance ratings should be made for all DCI and Directorate objectives. Performance against Component objectives should be rated individually or as a group in accordance with their significance to Agency management. The Deputy Director should cite any systems developed and used to support his reviews of Component performance.

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SECTION D. DIRECTORATE OUTPUT: ANALYSIS AND EVALUATION

4. The Directorate should define and identify its major categories of output and the major external customers or recipients of each category of output. It should describe measures in existence and additional steps to be taken to ascertain customer needs and requirements and the degree of their satisfaction. Statistical and numerical displays of production may be used, as appropriate, to demonstrate the results of Directorate analysis and evaluation of its output.

5. A narrative evaluation of output should be made in order to provide qualitative evaluation and to prevent quantitative measures from obscuring outstanding or high impact individual accomplishments.

SECTION E. RECOMMENDATIONS

6. In this section the Directorate should make any recommendations which are a reasonable outgrowth of its self-evaluation. The Directorate may wish to recommend modification or deletion of certain objectives or the addition of new objectives. It may wish to propose new ideas for equipment, new or different training or personnel requirements, and the like. The common thread for such discussions, recommendations and analyses should be the problems encountered and experiences gained in attempting to meet the Directorate's specified objectives.

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TRANSMITTAL SLIP

4 June 1974

TO:

ROOM NO.

BUILDING

REMARKS:

Please submit four (4) copies of your FY 1974 Office Annual Report to this Office by CoB 31 July 1974.

Att: DD/M&S 74-1987

STAT

FROM: Chief, DD/M&S Plans Staff

STAT

FORM NO. 241
1 FEB 55REPLACES FORM 36-8
WHICH MAY BE USED.

(47)

DDM&S/PS:WEB:kbp

STAT

Distribution:

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DDM&S 74-1987: Multiple Adse memo dtd 1 June 74 fr The Director,
subj: Issuance of the Annual Report Call for FY 1974

DD/M&S Registry
File Reports

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